

## Message Text

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ACTION EA-10

INFO OCT-01 ISO-00 SP-02 AID-05 EB-07 NSC-05 RSC-01

CIEP-01 TRSE-00 SS-15 STR-01 OMB-01 CEA-01 CIAE-00

INR-07 NSAE-00 COME-00 AGR-05 PA-01 PRS-01 USIA-06

XMB-02 FRB-03 /075 W

----- 111060

R 310935Z JAN 75

FM AMEMBASSY JAKARTA

TO SECSTATE WASHDC 6396

INFO AMEMBASSY KUALA LUMPUR

AMEMBASSY MANILA

AMEMBASSY PHNOM PENH

AMEMBASSY SAIGON

AMEMBASSY SINGAPORE

AMEMBASSY VIENTIANE

AMCONSUL MEDAN

AMCONSUL SURABAYA

C O N F I D E N T I A L JAKARTA 1338

E.O. 11652: GDS

TAGS: PFOR EAID LA ID

SUBJECT: INDONESIA ANNOUNCES \$1 MILLION LOAN TO LAOS

REF: JAKARTA 0667 (NOTAL)

BEGIN UNCLASSIFIED

INTRODUCTION AND SUMMARY: GOI ANNOUNCED JAN 30 IT  
WILL EXTEND \$1 MILLION 30-YEAR INTEREST-FREE CREDIT  
TO LAOS AND PERHAPS GIVE OTHER FORMS ASSISTANCE. LOAN  
WAS DESCRIBED BY GOI SPOKESMAN AS GUESTURE OF INDONESIA'S  
SYMPATHY FOR LAO STRUGGLE, AND SOLIDARITY WITH THIS  
SOUTHEAST ASIAN NEIGHBOR. IT IS ALSO EXPRESSION OF  
SUPPORT FOR NEUTRALIST RLG COALITION GOVERNMENT.  
LOAN WAS ANNOUNCED DURING VISIT OF LAO MINISTER OF  
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PLANNING AND ECONOMY, SOTH PETHRASY, TO JAKARTA JAN 26-

30. FOLLOWING BASED ON PRESS REPORTS. END SUMMARY.

1. LOAN WAS ANNOUNCED BY GOI MINISTER OF ECONOMY WIDJOJO AND STATE SECRETARY SUDHARMONO AFTER MEETING BETWEEN SOTH PETHRASY AND PRESIDENT SUHARTO JAN 29. IN STATEMENT TO PRESS, THEY SAID HALF OF THE LOAN WILL BE IN FORM OF FOREIGN EXCHANGE FOR LAO CURRENCY STABILIZATION FUND (PRESUMABLY FOREIGN EXCHANGE OPERATIONS FUND). OTHER HALF WILL BE USED FOR IMPORTS OF GOODS FROM INDONESIA, ESPECIALLY TEXTILES, WHICH LAOS NEEDS.

2. BESIDES LOAN, STATEMENT SAID, INDONESIA WILL TRY TO PERSUADE AGENCIES SUCH AS IBRD, IMF, AND ADB TO INCREASE AID TO LAOS. ALSO, INDONESIA WILL OFFER TECHNICAL ASSISTANCE -- FOR EXAMPLE IN FIELDS OF AGRICULTURE AND ADMINISTRATION; INDONESIAN RESEARCH AND EDUCATIONAL FACILITIES WILL BE AVAILABLE TO LAO OFFICIALS FOR THIS PURPOSE; AND GOI MIGHT EVEN SEND TECHNICAL EXPERTS TO LAOS; INDONESIA WILL ALSO OFFER ADVICE IN FIELD OF RELATIONS WITH FOREIGN ENTERPRISES IN FIELD OF MINERAL EXPLORATION AND DEVELOPMENT.

3. ACCORDING SUDHARMONO AND WIDJOJO, SOTH TOLD SUHARTO OF RLG'S EFFORTS TO ESTABLISH STABLE ECONOMIC CONDITIONS IN LAOS AND STRESSED NEED FOR ASSISTANCE AS PRELUDE TO ECONOMIC DEVELOPMENT FOLLOWING TWENTY YEARS OF WAR. SUHARTO WAS IMPRESSED AND COMPARED SITUATION IN LAOS WITH PROBLEMS FACED BY INDONESIA IN 1965/66 AFTER FALL OF SUKARNO. SUHARTO STRESSED, HOWEVER, THAT INDONESIA CANNOT REALLY AFFORD TO GIVE AID AT THIS TIME IN VIEW OF ITS OWN NEEDS, BUT THAT BECAUSE OF INDONESIA'S FEELING OF SOLIDARITY AND FRIENDSHIP TOWARD NEIGHBORING LAOS AND HISTORICAL SIMILARITY OF INDONESIAN AND LAO EXPERIENCE, IT WAS EXTENDING THIS SMALL LOAN.

4. DURING HIS VISIT, SOTH ALSO MET WITH MINISTERS OF ECONOMY, MINING AND ADMINISTRATION AND TOURED RICE FARM AND TEXTILE FACTORY IN WEST JAVA. IN COMMENTS TO PRESS, HE SAID LAOS HOPED TO EXPLOIT ITS GOLD, IRON, COPPER AND TIN RESOURCES WITH FOREIGN HELP AND WOULD APPRECIATE

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AID FROM FRIENDLY COUNTRIES SUCH AS INDONESIA FOR RECONSTRUCTION AND DEVELOPMENT AFTER LONG WAR. SOTH WAS ACCOMPANIED BY OUMPHENG CHANPHIANVONG, ANDAY SOUVANNAVONG, KHAM SING SAYAKONE, AND THVET INSISSIENMAY.

END UNCLASSIFIED BEGIN CONFIDENTIAL

5. COMMENT: GOI LOAN TO LAOS HAS LITTLE ECONOMIC

SIGNIFICANCE; BUT IT IS POLITICALLY IMPORTANT AS SIGN  
OF INDONESIA'S INTEREST IN SURVIVAL OF LAO NEUTRALIST  
REGIME IN AREA THREATENED BY COMMUNISM. IT IS IN OBVIOUS CONTRAST  
WITH GOI UNWILLINGNESS SO FAR TO CONTRIBUTE TO CAMBODIAN  
ESF (REFTEL). LOAN IS ALSO EXPRESSION OF GOI INTEREST  
IN DRAWING LAOS INTO CLOSER RELATIONS WITH -- AND PERHAPS  
ULTIMATELY MEMBERSHIP IN --ASEAN. NO MENTION WAS MADE  
OF SOTH PETHRASY'S PATHET LAO AFFILIATION IN PRESS OR  
OFFICIAL STATEMENTS.  
NEWSOM

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** ECONOMIC ASSISTANCE, LOANS  
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**Copy:** SINGLE  
**Draft Date:** 31 JAN 1975  
**Decaption Date:** 01 JAN 1960  
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**Disposition Approved on Date:**  
**Disposition Authority:** RowellE0  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
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**Disposition Reason:**  
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